



**FINANCIAL  
SERVICES  
FORUM**

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# **Big Banks and Small Businesses**

November 2019

# About the Financial Services Forum

The Financial Services Forum is an economic policy and advocacy organization whose members are the chief executive officers of the eight largest and most diversified financial institutions headquartered in the United States. Forum member institutions are a primary source of lending and investment in the United States and serve millions of consumers, businesses, investors, and communities throughout the country. The Forum promotes policies that support savings and investment, deep and liquid capital markets, a competitive global marketplace, and a sound financial system.

## OUR MEMBERS

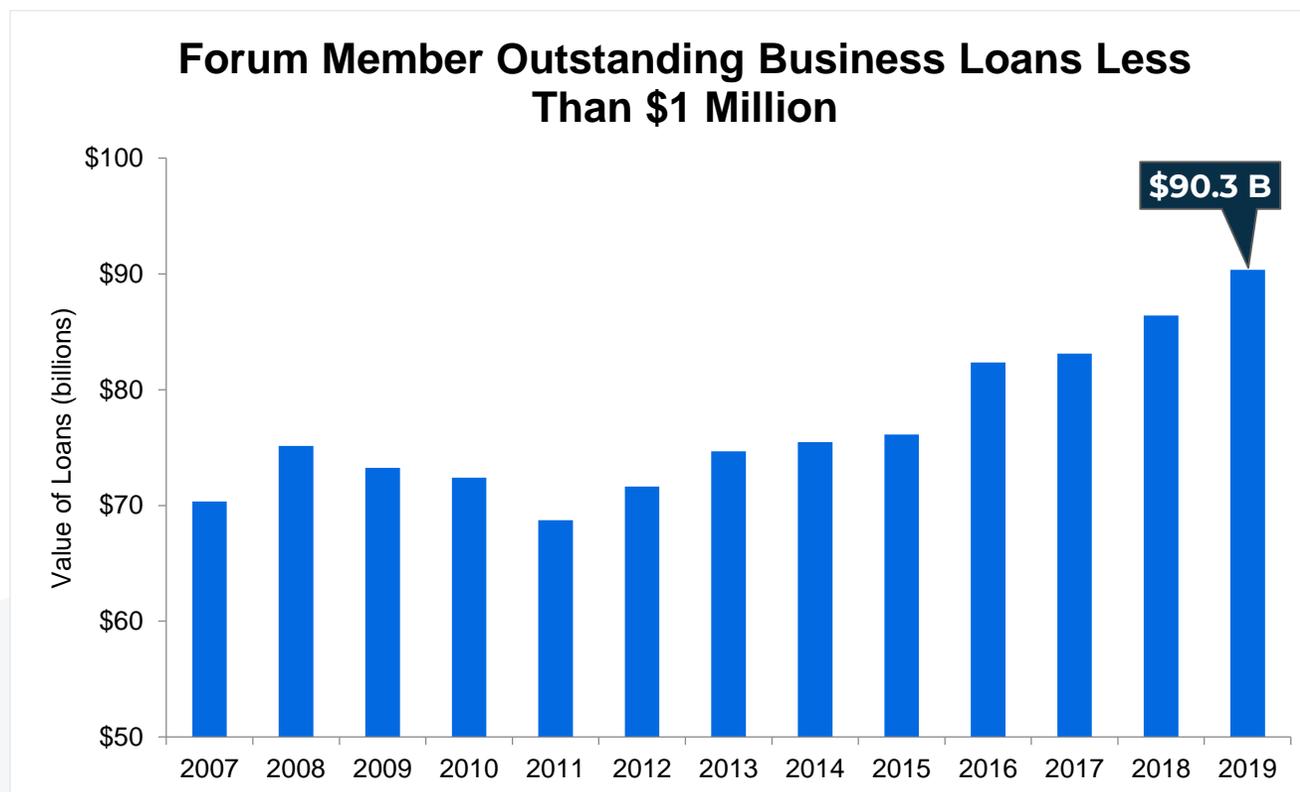


# Small Businesses Are Important to the U.S. Economy

- Small businesses contribute to the dynamism and growth of the U.S. economy
- Small businesses employ a large number of Americans. According to U.S. Census data, in 2017 42 million Americans worked for firms with less than 100 employees
- Forum members provide a significant amount of credit to small businesses across America

# Forum members extend significant amounts of credit to small businesses

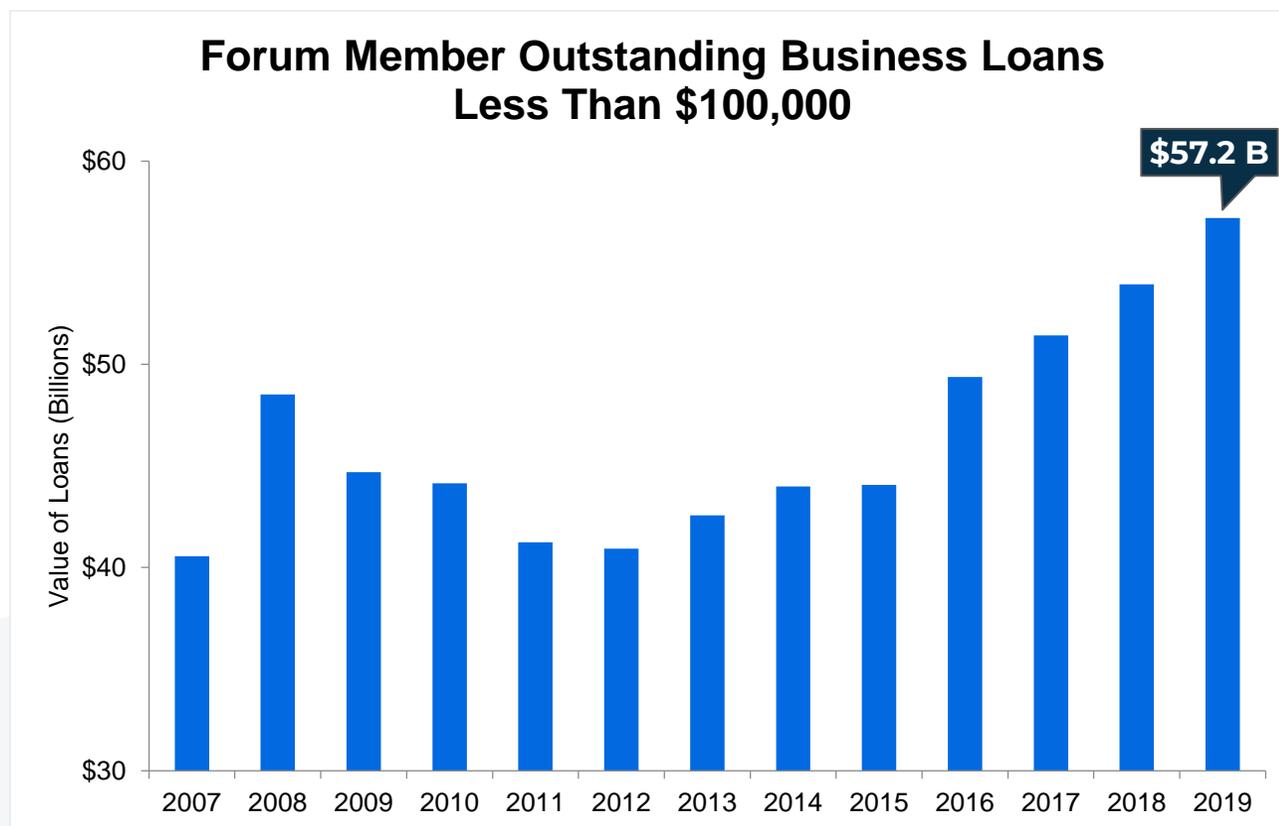
Our members hold a total of **more than \$90 billion in loans to small businesses**, roughly double the amount extended since 2007



- Small business loans are generally defined as those loans with an original amount less than \$1 million
- In 2018, Forum members account for one-quarter of all loans to small businesses

# Forum members hold significant amounts of smaller loans more likely to reach small businesses

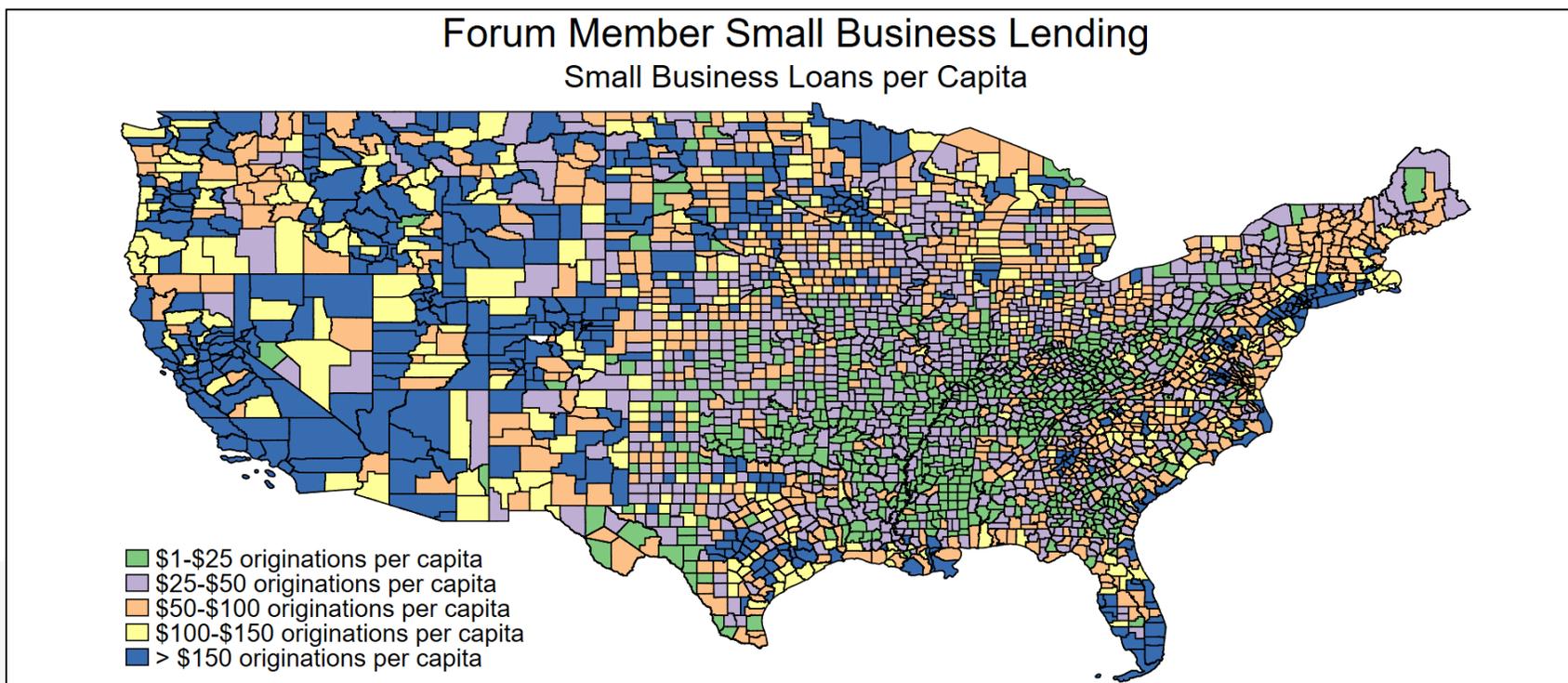
Our members **hold \$57 billion in loans less than \$100,000**, double the amount extended since 2007



- Loans under \$100,000 account for more than 60% of all loans made to small businesses by Forum members
- In 2019, Forum members account for more than one-third of all business loans under \$100,000

# Forum members lend to small businesses across the United States

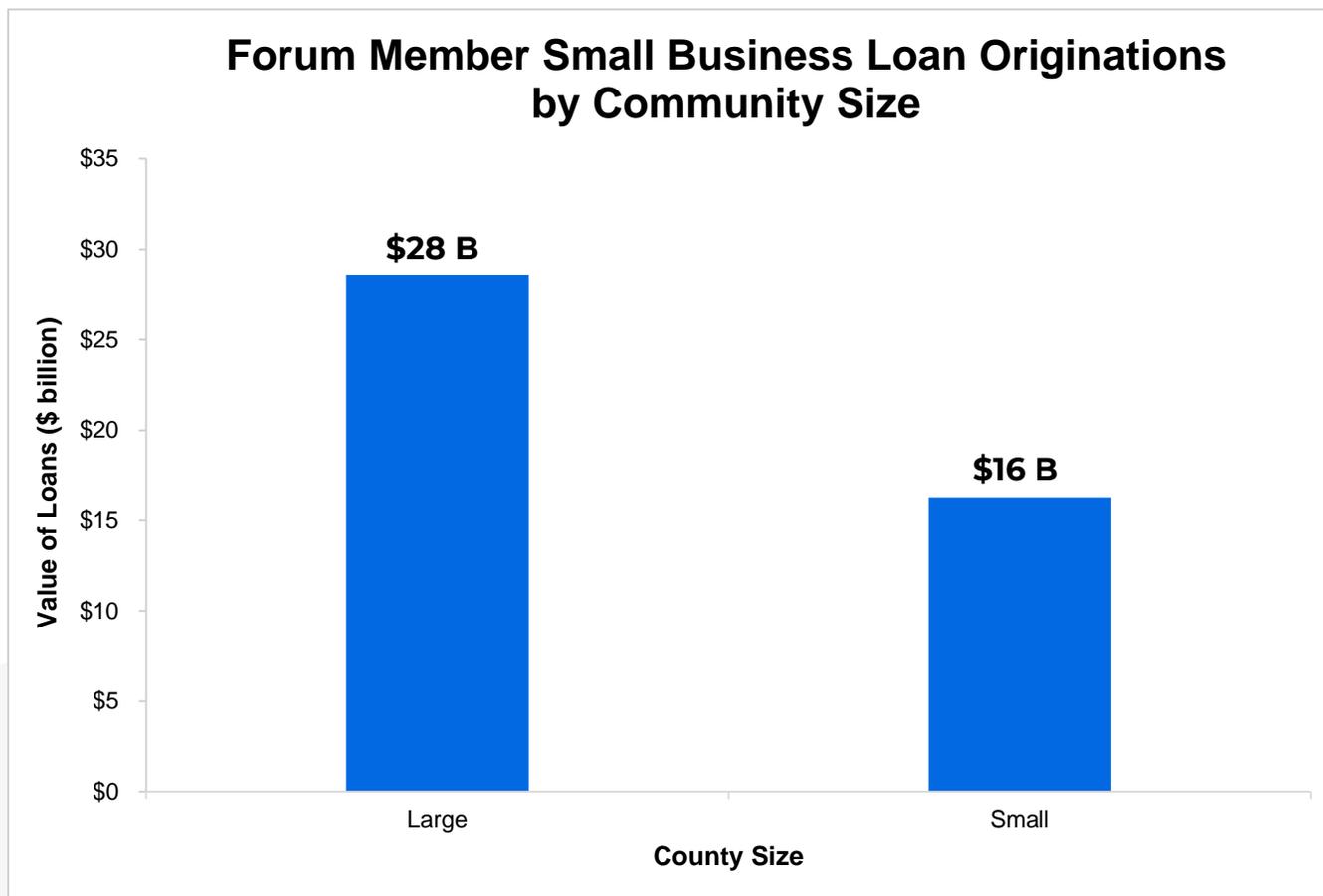
Forum member small business lending supports entrepreneurship across the nation and in a wide array of communities



- These data reflect originations of small business loans from 2010-2018 by Forum members
- Small business lending is spread throughout the United States and areas with the highest percentage of small business lending per capita represent a diversity of geographic regions

# Forum members lend in large and small communities across the United States

One-third of our members' small business lending is in smaller communities



- Small communities are defined as those U.S. counties with a total population below 500,000 per CRA reporting
- While there tends to be more lending in large counties (due to the amount of people and economic activity), Forum members engage in significant lending in thousands of smaller communities

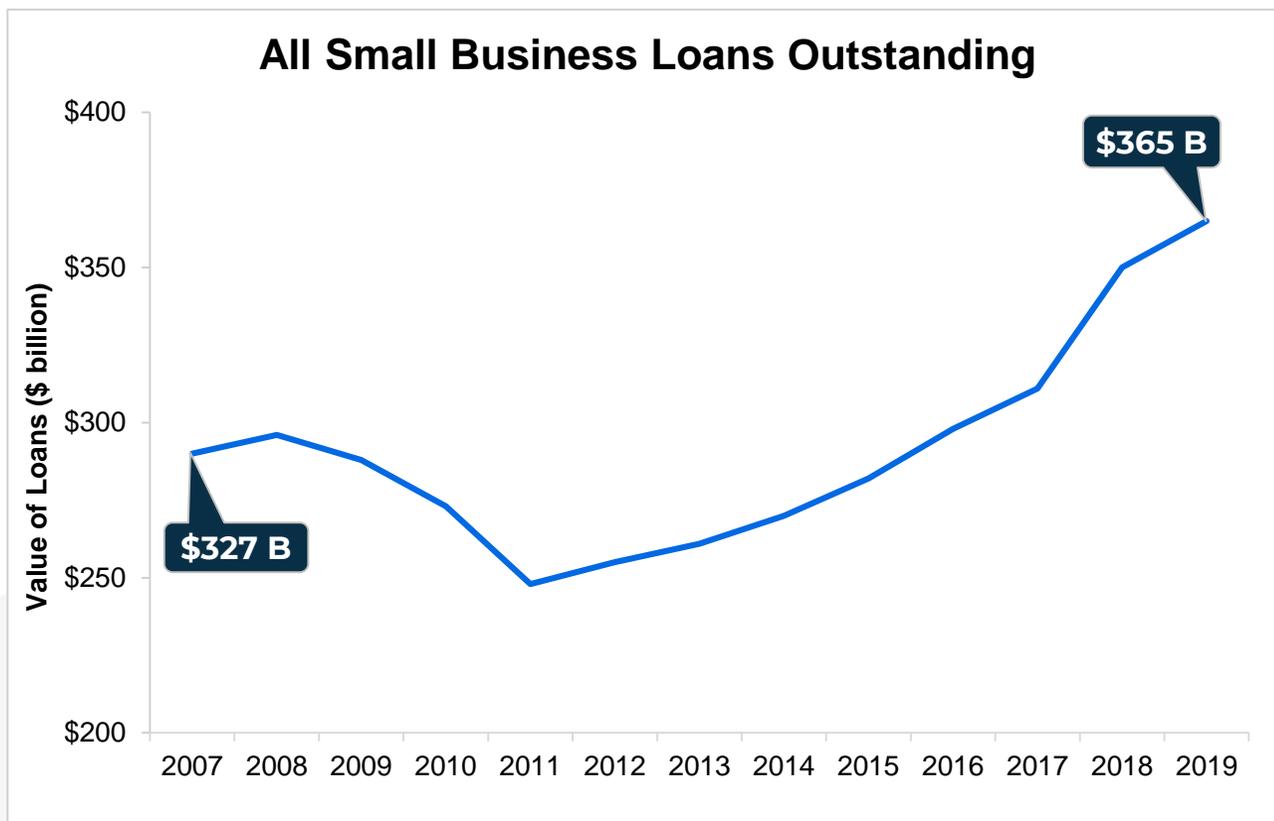
# Forum members actively support small business lending through a variety of initiatives

Initiatives at Forum members support small businesses in communities across the United States in a way that has a tangible effect on real people's lives, for example:

- Bank of America supports veteran entrepreneurship through its [Veteran Entrepreneur Lending](#) program
- Citi supports small businesses across the country through its [City Accelerator](#) program
- Goldman Sachs supports small business lending through its [10,000 Small Businesses](#) program
- JPMorgan Chase supports small businesses in places like Detroit through the [Entrepreneurs of Color](#) fund
- Morgan Stanley has partnered with the National Urban League to support minority entrepreneurship through the [Capital Access Fund](#)
- Wells Fargo supports small business lending through its [Diverse Community Capital](#) program

# Despite strong Forum member support for small business lending, aggregate trends are less positive

Aggregate lending to small businesses fell significantly from 2007 to 2011 and is just now returning to previous levels

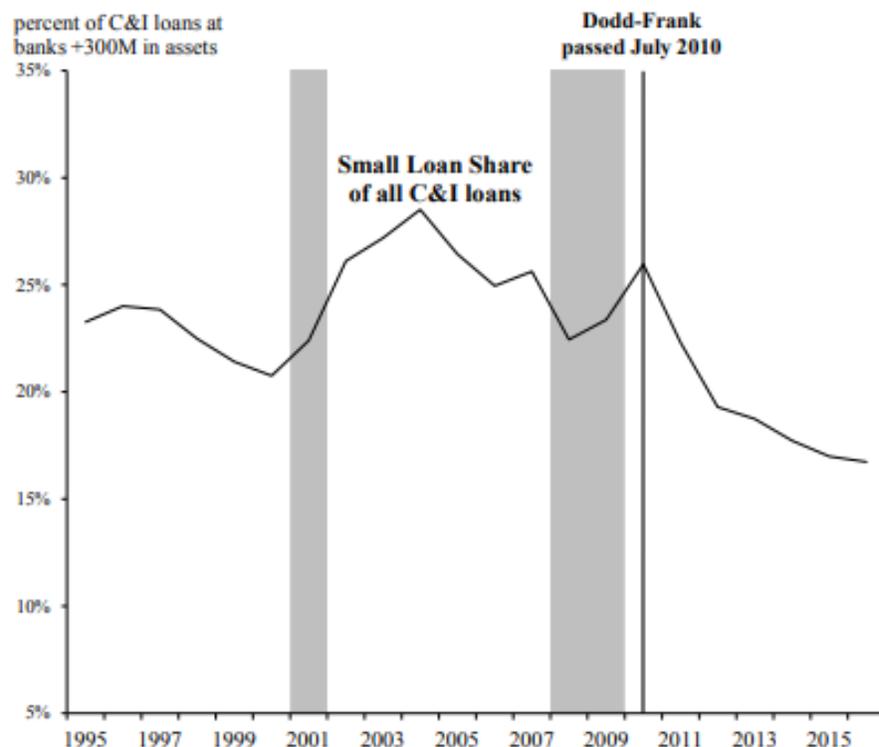


- In the aggregate, small business lending is just now returning to levels that were observed in 2007
- Researchers have explored the reasons for the slowdown in small business lending
- Regulation is identified as one factor impeding small business lending

# Recent research points to the impact of regulation on small business lending

Researchers from the National Bureau of Economic Research find that Dodd-Frank (DFA) regulation has impacted small business lending

**The Small Loan Share of C&I loans After the Dodd-Frank Act Passes**



- The researchers find that DFA impacts small business lending
- “By increasing the fixed regulatory compliance requirements needed to make business loans and operate a bank, the DFA disproportionately reduced the incentives for all banks to make very modest loans...”
- The researchers focus on small banks, but acknowledge that the impacts are felt across the entire spectrum of bank size